

NAMI NEW ORLEANS, INC.

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2-9-05

NAMI NEW ORLEANS, INC.

Year Ended June 30, 2004

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SPILSBURY, HAMILTON, LEGENDRE & PACIERA

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AMERICAN INSTITUTE OF
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INDEPENDENT AUDITOR'S REPORT

Executive Director and Board of Directors
NAMI New Orleans, Inc.
New Orleans, Louisiana

We have audited the accompanying statement of financial position of NAMI New Orleans, Inc. (a Louisiana non-profit corporation) as of June 30, 2004, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the management of NAMI New Orleans, Inc. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's June 30, 2003 financial statements and, in our report dated September 19, 2003, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NAMI New Orleans, Inc. as of June 30, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued reports dated October 19, 2004 on our consideration of NAMI New Orleans, Inc.'s internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Executive Director and Board of Directors
NAMI New Orleans, Inc.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information is presented for additional analysis purposes, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Spilbury, Hamilton, Legendre & Paciera

October 19, 2004

NAMI NEW ORLEANS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2004
(With Summarized Financial Information
at June 30, 2003)

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 277,608	\$ 264,995
Investments	121,086	120,307
Due from Federal and State agencies	204,158	189,170
Prepaid expenses	35,453	34,799
Due from AMIS Services, Inc.	<u>3,000</u>	<u>0</u>
<i>Total Current Assets</i>	<u>641,305</u>	<u>609,271</u>
<u>PROPERTY AND EQUIPMENT</u>		
Land	229,933	229,933
Building and improvements	960,806	960,806
Office furniture and equipment	52,768	52,768
Transportation equipment	86,873	86,873
Household equipment	24,971	24,971
Educational, recreational and cultural equipment	<u>1,237</u>	<u>1,237</u>
<i>Total Property and Equipment</i>	1,356,588	1,356,588
Less: Accumulated depreciation	<u>350,867</u>	<u>299,180</u>
<i>Net Property and Equipment</i>	<u>1,005,721</u>	<u>1,057,408</u>
<u>OTHER ASSETS</u>		
Cash - Client funds	27,279	8,800
Due from Friends Alliance Housing, II	18,592	13,908
Assets held in Charitable Remainder Trust	<u>256,350</u>	<u>258,589</u>
<i>Total Other Assets</i>	<u>302,221</u>	<u>281,297</u>
<i>Total Assets</i>	<u>\$1,949,247</u>	<u>\$1,947,976</u>

See accompanying notes to financial statements.

NAMI NEW ORLEANS, INC.
STATEMENT OF FINANCIAL POSITION
(Continued)
JUNE 30, 2004
(With Summarized Financial Information
at June 30, 2003)

	<u>2004</u>	<u>2003</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 9,508	\$ 7,724
Accrued expenses	40,126	44,651
Salaries payable	20,759	13,883
Current maturities of long-term debt	<u>100,696</u>	<u>105,202</u>
<i>Total Current Liabilities</i>	<u>171,089</u>	<u>171,460</u>
<u>LONG-TERM DEBT</u>		
Non-current maturities	<u>451,100</u>	<u>488,591</u>
<u>OTHER LIABILITIES</u>		
Liability under Unitrust agreement	138,627	145,510
Funds held on behalf of clients	<u>27,279</u>	<u>8,800</u>
<i>Total Other Liabilities</i>	<u>165,906</u>	<u>154,310</u>
<i>Total Liabilities</i>	<u>788,095</u>	<u>814,361</u>
<u>NET ASSETS</u>		
Temporarily restricted	109,445	104,801
Unrestricted	<u>1,051,707</u>	<u>1,028,814</u>
<i>Total Net Assets</i>	<u>1,161,152</u>	<u>1,133,615</u>
<i>Total Liabilities and Net Assets</i>	<u>\$1,949,247</u>	<u>\$1,947,976</u>

See accompanying notes to financial statements.

NAMI NEW ORLEANS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2004
(With Summarized Financial Information
for the Year Ended June 30, 2003)

	<u>Unrestricted</u>
<u>SUPPORT, REVENUE AND GAINS</u>	
Support:	
Donations	\$ 7,359
Miscellaneous	<u>16,646</u>
<i>Total Support</i>	<u>24,005</u>
Revenue and Gains:	
Fees for services - OMH/JPHSA/HUD	1,427,747
Investment income	1,143
Change in split-interest agreement	0
Rental income	49,907
Gain on disposal of equipment	<u>0</u>
<i>Total Revenue and Gains</i>	<u>1,478,797</u>
<i>Total Support, Revenue and Gains</i>	<u>1,502,802</u>
<u>EXPENSES</u>	
Program Services:	
Fairweather Lodge	53,967
Case management	77,731
Peer support	105,752
Housing	239,147
Employment	178,343
Drop-in Centers	78,641
Newport Place	<u>25,222</u>
<i>Total Program Services</i>	<u>758,803</u>
Supporting Services:	
Medicaid and general	609,486
Trust and administrative	<u>111,620</u>
<i>Total Supporting Services</i>	<u>721,106</u>
<i>Total Expenses</i>	<u>1,479,909</u>
<u>INCREASE IN NET ASSETS</u>	22,893
Net Assets - Beginning of Year	<u>1,028,814</u>
Net Assets - End of Year	<u>\$1,051,707</u>

See accompanying notes to financial statements.

<u>2004</u>		<u>2003</u>
<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
\$ 0	\$ 7,359	\$ 6,994
<u>0</u>	<u>16,646</u>	<u>25,581</u>
<u>0</u>	<u>24,005</u>	<u>32,575</u>
0	1,427,747	1,358,103
0	1,143	2,174
4,644	4,644	1,493
0	49,907	43,973
<u>0</u>	<u>0</u>	<u>2,000</u>
<u>4,644</u>	<u>1,483,441</u>	<u>1,407,743</u>
<u>4,644</u>	<u>1,507,446</u>	<u>1,440,318</u>
0	53,967	52,500
0	77,731	59,035
0	105,752	96,525
0	239,147	227,539
0	178,343	196,697
0	78,641	71,145
<u>0</u>	<u>25,222</u>	<u>21,136</u>
<u>0</u>	<u>758,803</u>	<u>724,577</u>
0	609,486	556,625
<u>0</u>	<u>111,620</u>	<u>104,958</u>
<u>0</u>	<u>721,106</u>	<u>661,583</u>
<u>0</u>	<u>1,479,909</u>	<u>1,386,160</u>
4,644	27,537	54,158
<u>104,801</u>	<u>1,133,615</u>	<u>1,079,457</u>
<u>\$109,445</u>	<u>\$1,161,152</u>	<u>\$1,133,615</u>

NAMI NEW ORLEANS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2004
(With Summarized Financial Information
for the Year Ended June 30, 2003)

	Program				
	Fair- weather Lodge	Case Manage- ment	Peer Support	Housing	Employ- ment
Advertising	\$ 121	\$ 0	\$ 161	\$ 880	\$ 1,407
Amortization	0	0	0	0	0
Bank charges	0	0	0	0	0
Client assistance	0	0	0	79,476	0
Depreciation	3,101	2,067	4,135	8,787	6,719
Dues and subscriptions	62	27	83	319	256
Field travel	1,330	4,724	5,138	5,171	5,330
Insurance	7,280	9,595	16,111	22,164	22,480
Interest	0	0	0	0	0
Maintenance and repairs	1,433	511	1,916	7,451	4,673
Miscellaneous	0	62	63	4,697	7,583
Office supplies	195	256	261	1,112	998
Other supplies	305	246	360	6,403	1,497
Payroll taxes	2,558	3,894	5,004	6,360	8,161
Postage	105	107	140	403	376
Printing	138	6	184	520	363
Professional fees	1,520	935	2,036	4,450	4,383
Retirement	1,072	1,594	2,062	2,622	3,398
Salaries	33,823	51,559	65,937	83,598	107,513
Taxes and licenses	0	0	0	0	0
Telephone	353	1,117	1,353	2,015	1,684
Training	0	52	0	0	0
Utilities	571	979	808	2,719	1,522
Total	<u>\$53,967</u>	<u>\$77,731</u>	<u>\$105,752</u>	<u>\$239,147</u>	<u>\$178,343</u>

See accompanying notes to financial statements.

<u>Services</u>			<u>Supporting Services</u>		<u>Total 2004 Program and Supporting Services Expenses</u>	<u>Total 2003</u>
<u>Drop-in Centers</u>	<u>Newport Place</u>	<u>Total 2004</u>	<u>Medicaid and General</u>	<u>Trust and Administrative</u>		
\$ 0	\$ 40	\$ 2,609	\$ 1,249	\$ 181	\$ 4,039	\$ 2,301
0	0	0	0	0	0	1,422
0	0	0	97	1,428	1,525	1,147
0	0	79,476	0	0	79,476	79,914
3,101	517	28,427	21,708	1,551	51,686	47,477
170	17	934	528	0	1,462	1,827
9	0	21,702	4,354	676	26,732	27,119
6,996	1,388	86,014	72,900	12,775	171,689	137,503
0	10,471	10,471	14,756	0	25,227	40,696
2,675	6,755	25,414	16,983	2,988	45,383	26,485
0	0	12,405	1,733	0	14,138	20,461
1,897	65	4,784	9,682	799	15,265	7,597
2,760	910	12,481	12,363	800	25,644	19,351
3,638	225	29,840	27,253	11,745	68,838	65,755
22	35	1,188	1,905	239	3,332	2,251
9	45	1,265	885	198	2,348	1,962
1,481	277	15,082	10,821	929	26,832	24,281
1,497	93	12,338	11,930	2,233	26,501	25,977
48,132	2,960	393,522	382,125	71,926	847,573	810,868
0	0	0	189	0	189	65
1,800	141	8,463	7,029	907	16,399	14,973
9	0	61	1,369	43	1,473	1,215
<u>4,445</u>	<u>1,283</u>	<u>12,327</u>	<u>9,627</u>	<u>2,202</u>	<u>24,158</u>	<u>25,513</u>
<u>\$78,641</u>	<u>\$25,222</u>	<u>\$758,803</u>	<u>\$609,486</u>	<u>\$111,620</u>	<u>\$1,479,909</u>	<u>\$1,386,160</u>

NAMI NEW ORLEANS, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2004
(With Summarized Financial Information
for the Year Ended June 30, 2003)

	<u>2004</u>	<u>2003</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Changes in net assets	\$ 27,537	\$ 54,158
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation and amortization	51,686	48,899
Net (increase) decrease in receivables and prepaid expenses	(15,641)	39,441
Net increase (decrease) in accounts payable	1,784	(6,633)
Net increase in accrued liabilities	2,351	10,563
Change in split-interest agreement	(4,644)	(1,493)
Net (increase) in cash - Client funds	(18,479)	(6,990)
Net increase in funds held on behalf of clients	18,479	6,990
(Gain) on disposal of equipment	<u>0</u>	<u>(2,000)</u>
Net Cash Provided by Operating Activities	<u>63,073</u>	<u>142,935</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of investments	(779)	(1,330)
Purchase of property and equipment	0	(37,158)
Decrease in other assets	0	8,159
Proceeds from sale of transportation equipment	0	2,000
(Increase) in amounts due from affiliate	<u>(7,684)</u>	<u>(13,908)</u>
Net Cash (Used for) Investing Activities	<u>(8,463)</u>	<u>(42,237)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Repayment of notes payable	<u>(41,997)</u>	<u>(23,232)</u>
Net Cash (Used for) Financing Activities	<u>(41,997)</u>	<u>(23,232)</u>
Net Increase in Cash and Cash Equivalents	12,613	77,466
Cash and Cash Equivalents -		
Beginning of Year	<u>264,995</u>	<u>187,529</u>
End of Year	<u>\$277,608</u>	<u>\$264,995</u>

See accompanying notes to financial statements.

NAMI NEW ORLEANS, INC.
STATEMENT OF CASH FLOWS
(Continued)
YEAR ENDED JUNE 30, 2004
(With Summarized Financial Information
for the Year Ended June 30, 2003)

	<u>2004</u>	<u>2003</u>
<u>Supplemental Disclosures of Cash Flow Information</u>		
Cash paid during the year for -		
Interest	\$ <u>25,757</u>	\$ <u>40,696</u>
Income taxes	\$ <u>0</u>	\$ <u>0</u>
<u>Non-cash Investing and Financing Activities</u>		
Refinancing of two mortgage notes into one mortgage note	\$ <u>0</u>	\$ <u>384,648</u>
Debt incurred to finance purchase of land	\$ <u>0</u>	\$ <u>58,532</u>

See accompanying notes to financial statements.

NAMI NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

A. Description of Organization

Nature of Activities

NAMI New Orleans, Inc. ("NAMI") (formerly Friends Alliance for the Mentally Ill, Inc.) is a non-profit organization which operates in the New Orleans Metropolitan Area. It has several "Fees for Services" contracts with the Louisiana Office of Mental Health and also receives other funding from dues and donations. NAMI is dedicated to creating an environment to help individuals who have been socially and vocationally disabled by mental illness to achieve or regain the confidence and skills to live vocationally productive and socially satisfying lives.

B. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of NAMI have been prepared on the accrual basis of accounting, and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

NAMI has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, NAMI is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the *Statement of Cash Flows*, NAMI considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

NAMI NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2004

Summary of Significant Accounting Policies (Cont'd)

Property and Equipment

NAMI capitalizes all expenditures for property and equipment in excess of \$1,000. Purchased property and equipment are carried at cost; donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Net Assets

Net assets are included in one of the following three classes of net assets, depending on the presence and type of donor-imposed restrictions.

Unrestricted Net Assets - Those net assets whose use is not restricted by donors.

Temporarily Restricted Net Assets - Those net assets whose use has been limited by donors (a) to later periods of time or after specified dates, or (b) to specific purposes.

Permanently Restricted Net Assets - Net assets subject to State-imposed stipulations that resources be maintained permanently, but permits the organization to use up the economic benefit derived from these assets.

NAMI has no permanently restricted assets, liabilities or activities.

Medicaid

NAMI receives Medicaid funding under a fixed price arrangement. These amounts are specifically excluded from OMB Circular A-133 audit requirements. Medicaid funds totaling \$565,238 were received in 2004 and are included in program service fees.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the *Statement of Activities* and in the *Statement of Functional Expenses*. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

NAMI NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2004

Summary of Significant Accounting Policies (Cont'd)

Prior Year Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with NAMI's financial statements for the year ended June 30, 2003, from which the summarized information was derived.

Investments

Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the *Statement of Financial Position*. Unrealized gains and losses are included in the changes in unrestricted or temporarily restricted net assets, depending on whether or not there are donor-imposed restrictions on the gains and losses.

Income Taxes

NAMI is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

C. Investments

Investments in equity securities with readily determinable fair market values and all investments in debt securities are stated at fair value, which is based on quoted market prices for those investments.

At June 30, 2004, investments held by NAMI consisted of a Government Money Market Fund valued at \$121,086.

Interest income on the investments for the year ended June 30, 2004, classified as *Unrestricted* in the *Statement of Activities*, was \$1,143.

NAMI NEW ORLEANS, INC.
 NOTES TO FINANCIAL STATEMENTS
 (Continued)
JUNE 30, 2004

D. Due from Federal and State Agencies

Due from Federal and State agencies at June 30, 2004 is summarized as follows.

Department of Housing and Urban Development	\$ 30,433
Office of Human Services,	
Division of Mental Health	62,869
Medicaid	<u>110,856</u>
<i>Total</i>	<u>\$204,158</u>

Management considers all receivables for the year ended June 30, 2004 to be collectible; accordingly, no allowance for doubtful accounts was provided.

E. Property and Equipment

The related lives and accumulated depreciation for each category of assets is as follows:

<u>Asset</u>	<u>Life</u>	<u>Accumulated Depreciation</u>
Building and improvements	7 - 30 years	\$226,586
Office furniture and equipment	5 - 10 years	48,916
Transportation equipment	5 years	53,947
Household equipment	5 - 7 years	20,182
Educational, recreational, and cultural equipment	7 years	<u>1,236</u>
		<u>\$350,867</u>

Movable property with a cost of \$125,911 and a zero book value has been acquired with State grant funds, and has been capitalized as a component of property and equipment. Title and disposition control over such assets rests with the State of Louisiana. Accordingly, there are no permanently restricted net assets at June 30, 2004.

NAMI NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2004

F. Split-Interest Agreement

NAMI administers a charitable remainder trust. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for NAMI's use. The portion of the trust attributable to the present value of the future benefits to be received by NAMI is recorded in the *Statement of Activities* as a temporarily restricted contribution in the period the trust is established. Assets held in the charitable remainder trust totaled \$256,350 at June 30, 2004, and are reported at fair market value in NAMI's *Statement of Financial Position*. On an annual basis, NAMI revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments (\$138,627 at June 30, 2004) is calculated using a discount rate of 5% and applicable mortality tables.

G. Long-term Debt

NAMI's obligations under mortgages and notes payable consist of the following.

On May 27, 2003, NAMI entered into a refinancing agreement with a bank in the amount of \$384,648. Interest is at the J.P. Morgan Chase prime per annum (currently 4.25%). The note is payable in 59 monthly installments of \$3,308, with a final installment in the amount of the remaining unpaid balance on June 30, 2008. The outstanding balance on this loan at June 30, 2004 was \$344,956.

The loan is secured by a collateral mortgage in the amount of \$750,000 on the following properties:

1. 3624 Florida Avenue, Kenner, Louisiana
2. 2051 Eighth Street, Harvey, Louisiana
3. 1538 Louisiana Avenue, New Orleans, Louisiana

On June 19, 1998, NAMI entered into an agreement with the charitable remainder trust to finance the Newport Place property. The financing was in the amount of \$160,000, with interest at 7% per annum. The note is payable in 360 monthly instalments of \$1,064. The outstanding balance on this loan at June 30, 2004 was \$148,308.

In addition, the trust loaned \$58,534 to NAMI to purchase land. This loan has no repayment terms and is non-interest-bearing.

NAMI NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2004

Long-term Debt (Cont'd)

Following is the schedule of future maturities of long-term debt.

Year ended June 30,	
2005	\$100,696
2006	42,341
2007	42,533
2008	228,925
2009	3,266
Thereafter	<u>134,035</u>
	<u>\$551,796</u>

H. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

Restricted for life of donor: Charitable remainder trust	<u>\$109,445</u>
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I. Concentration of Credit Risk/Major Customers

Contracts with the State of Louisiana and Jefferson Parish, all of which are renewable annually, totaled \$710,508, or approximately 50% of service fee income.

Funds received from Medicaid totaled \$565,238, or approximately 40% of service fee income.

Funds received from the Department of Housing and Urban Development (HUD) totaled \$152,001, or approximately 10% of service fee income; and \$24,457, or approximately 49% of rental income.

At June 30, 2004, unsecured receivables from these agencies totaled \$204,158. Financial instruments that potentially subject NAMI to credit risk include these accounts receivable.

NAMI extends unsecured credit to the State of Louisiana and the U.S. Government. Financial instruments that potentially subject NAMI to credit risk include these accounts, which are shown as "Due from Federal and State Agencies."

J. Concentration of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

NAMI maintains its cash balances in one financial institution located in New Orleans, Louisiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. At June 30, 2004, NAMI's uninsured cash balances totaled \$221,340.

NAMI NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2004

K. Retirement Plan

NAMI offers a 401(k) plan to its employees. Employees electing to participate in the plan may elect to defer up to a maximum of 15% of compensation. The plan allows NAMI to make a discretionary match.

NAMI contributed \$25,000 to the retirement plan for the year ended June 30, 2004.

L. Related Party Transactions

NAMI is paid a management fee to oversee the operations of Friends Alliance Housing, Inc., a related entity. The income from management fees for the year ended June 30, 2004, classified as "Unrestricted" in the *Statement of Activities*, was \$281. NAMI also is paid a consulting fee from AMIS Services, Inc., a non-related working affiliate. The income from consulting fees for the year ended June 30, 2004, classified as "Unrestricted" in the *Statement of Activities*, was \$10,404.

NAMI loaned \$13,908 for start-up costs to Friends Alliance Housing II, a related entity. NAMI advanced \$3,000 for operating purposes to AMIS Services, Inc., a related entity. These loans are non-interest-bearing and have no repayment terms.

SUPPLEMENTARY INFORMATION

NAMI NEW ORLEANS, INC.
SCHEDULE OF ACTIVITIES - BY PROGRAM
YEAR ENDED JUNE 30, 2004

	<u>Medicaid and General</u>			
	<u>Uptown/East Bank</u>	<u>West Bank</u>		
	<u>Friendship</u>	<u>Friendship</u>	<u>Fair-</u>	<u>Case</u>
	<u>Club</u>	<u>Club</u>	<u>weather</u>	<u>Management</u>
			<u>Lodge</u>	
<u>SUPPORT, REVENUE AND GAINS</u>				
Support:				
Donations	\$ 0	\$ 0	\$ 0	\$ 0
Miscellaneous	0	0	0	0
Revenue and Gains:				
Fees for services	457,398	347,749	39,107	70,783
Investment income	0	0	0	0
Change in split-interest agreement	0	0	0	0
Rental income	0	0	0	0
Gain on disposal of equipment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Support, Revenue and Gains</i>	<u>457,398</u>	<u>347,749</u>	<u>39,107</u>	<u>70,783</u>
<u>EXPENSES</u>				
Advertising	1,249	0	121	0
Amortization	0	0	0	0
Bank charges	97	0	0	0
Client assistance	0	0	0	0
Depreciation	10,854	10,854	3,101	2,067
Dues and subscriptions	365	163	62	27
Field travel	3,398	956	1,330	4,724
Insurance	45,999	26,901	7,280	9,595
Interest	14,756	0	0	0
Maintenance and repairs	12,691	4,292	1,433	511
Miscellaneous	1,640	93	0	62
Office supplies	6,844	2,838	195	256
Other supplies	7,705	4,658	305	246
Payroll taxes	15,318	11,935	2,558	3,894
Postage	1,289	616	105	107
Printing	855	30	138	6
Professional fees	5,824	4,997	1,520	935
Retirement	6,639	5,291	1,072	1,594
Salaries	213,382	168,743	33,823	51,559
Taxes and licenses	124	65	0	0
Telephone	5,035	1,994	353	1,117
Training	721	648	0	52
Utilities	<u>3,424</u>	<u>6,203</u>	<u>571</u>	<u>979</u>
<i>Total Expenses</i>	<u>358,209</u>	<u>251,277</u>	<u>53,967</u>	<u>77,731</u>
<u>INCREASE (DECREASE)</u>				
<u>IN NET ASSETS</u>	<u>\$ 99,189</u>	<u>\$ 96,472</u>	<u>\$ (14,860)</u>	<u>\$ (6,948)</u>

<u>Peer Support</u>	<u>Housing</u>	<u>Employment</u>	<u>Drop-in Centers</u>	<u>Newport Place</u>	<u>Trust and Administrative</u>	<u>Total</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,359	\$ 7,359
0	0	0	0	0	16,646	16,646
76,800	183,192	166,511	76,981	0	9,226	1,427,747
0	0	0	0	0	1,143	1,143
0	0	0	0	0	4,644	4,644
0	24,457	0	0	25,450	0	49,907
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>76,800</u>	<u>207,649</u>	<u>166,511</u>	<u>76,981</u>	<u>25,450</u>	<u>39,018</u>	<u>1,507,446</u>
161	880	1,407	0	40	181	4,039
0	0	0	0	0	0	0
0	0	0	0	0	1,428	1,525
0	79,476	0	0	0	0	79,476
4,135	8,787	6,719	3,101	517	1,551	51,686
83	319	256	170	17	0	1,462
5,138	5,171	5,330	9	0	676	26,732
16,111	22,164	22,480	6,996	1,388	12,775	171,689
0	0	0	0	10,471	0	25,227
1,916	7,451	4,673	2,675	6,755	2,988	45,385
63	4,697	7,583	0	0	0	14,138
261	1,112	998	1,897	65	799	15,265
360	6,403	1,497	2,760	910	800	25,644
5,004	6,360	8,161	3,638	225	11,745	68,838
140	403	376	22	35	239	3,332
184	520	363	9	45	198	2,348
2,036	4,450	4,383	1,481	277	929	26,832
2,062	2,622	3,398	1,497	93	2,233	26,501
65,937	83,598	107,513	48,132	2,960	71,926	847,573
0	0	0	0	0	0	189
1,353	2,015	1,684	1,800	141	907	16,399
0	0	0	9	0	43	1,473
<u>808</u>	<u>2,719</u>	<u>1,522</u>	<u>4,445</u>	<u>1,283</u>	<u>2,202</u>	<u>24,156</u>
<u>105,752</u>	<u>239,147</u>	<u>178,343</u>	<u>78,641</u>	<u>25,222</u>	<u>111,620</u>	<u>1,479,909</u>
<u>\$(28,952)</u>	<u>\$(31,498)</u>	<u>\$(11,832)</u>	<u>\$(1,660)</u>	<u>\$ 228</u>	<u>\$(72,602)</u>	<u>\$ 27,537</u>

NAMI NEW ORLEANS, INC.
SCHEDULE OF ACTIVITIES - BY PROGRAM
(Continued)
YEAR ENDED JUNE 30, 2003

	<u>Medicaid and General</u>		<u>Fair- weather Lodge</u>	<u>Case Manage- ment</u>
	<u>Uptown/East Bank Friendship Club</u>	<u>West Bank Friendship Club</u>		
<u>SUPPORT, REVENUE AND GAINS</u>				
Support:				
Donations	\$ 0	\$ 0	\$ 0	\$ 0
Miscellaneous	0	0	0	0
Revenue and Gains:				
Fees for services	400,345	329,133	36,550	55,056
Investment income	0	0	0	0
Change in split-interest agreement	0	0	0	0
Rental income	0	0	0	0
Gain on disposal of equipment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Support, Revenue and Gains</i>	<u>400,345</u>	<u>329,133</u>	<u>36,550</u>	<u>55,056</u>
<u>EXPENSES</u>				
Advertising	662	94	57	15
Amortization	1,422	0	0	0
Bank charges	0	0	0	0
Client assistance	0	0	0	0
Depreciation	9,970	9,970	2,849	1,899
Dues and subscriptions	767	206	50	40
Field travel	3,958	342	730	3,682
Insurance	34,908	19,721	4,485	6,843
Interest	30,071	0	0	0
Maintenance and repairs	5,216	5,292	819	682
Miscellaneous	461	286	0	0
Office supplies	1,191	1,852	164	328
Other supplies	5,066	4,184	250	167
Payroll taxes	13,777	11,579	2,691	2,940
Postage	596	725	84	131
Printing	793	28	95	5
Professional fees	5,121	5,108	1,377	933
Retirement	6,109	5,536	1,306	1,280
Salaries	193,447	162,877	36,503	38,374
Taxes and licenses	0	65	0	0
Telephone	3,637	2,105	401	914
Training	261	314	0	0
Utilities	<u>3,831</u>	<u>5,077</u>	<u>639</u>	<u>802</u>
<i>Total Expenses</i>	<u>321,264</u>	<u>235,361</u>	<u>52,500</u>	<u>59,035</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ 79,081</u>	<u>\$ 93,772</u>	<u>\$ (15,950)</u>	<u>\$ (3,979)</u>

<u>Peer Support</u>	<u>Housing</u>	<u>Employment</u>	<u>Drop-in Centers</u>	<u>Newport Place</u>	<u>Trust and Administrative</u>	<u>Total</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,994	\$ 6,994
0	0	3,644	0	0	21,937	25,581
76,744	168,331	204,654	78,052	0	9,238	1,358,103
0	0	0	0	0	2,174	2,174
0	0	0	0	0	1,493	1,493
0	20,251	0	0	23,722	0	43,973
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,000</u>	<u>2,000</u>
<u>76,744</u>	<u>188,582</u>	<u>208,298</u>	<u>78,052</u>	<u>23,722</u>	<u>43,836</u>	<u>1,440,318</u>
77	569	707	2	19	99	2,301
0	0	0	0	0	0	1,422
0	0	0	0	0	1,147	1,147
0	79,914	0	0	0	0	79,914
3,798	8,071	6,172	2,849	475	1,424	47,477
67	155	345	187	10	0	1,827
6,136	3,950	6,784	45	0	1,492	27,119
11,195	14,989	19,412	4,628	1,698	19,624	137,503
0	0	0	0	10,614	11	40,696
1,092	3,469	2,185	4,196	3,362	172	26,485
30	11,410	7,808	191	0	275	20,461
218	684	1,134	1,233	55	738	7,597
260	2,932	1,372	3,406	180	1,534	19,351
4,692	6,163	9,625	3,237	217	10,834	65,755
112	322	0	29	28	224	2,251
127	356	285	109	30	134	1,962
1,826	3,962	3,499	1,436	281	738	24,281
2,074	2,763	4,003	1,371	94	1,441	25,977
62,674	81,257	129,642	41,417	2,843	61,834	810,868
0	0	0	0	0	0	65
1,208	2,043	1,678	1,888	134	965	14,973
0	297	343	0	0	0	1,215
<u>939</u>	<u>4,233</u>	<u>1,703</u>	<u>4,921</u>	<u>1,096</u>	<u>2,272</u>	<u>25,513</u>
<u>96,525</u>	<u>227,539</u>	<u>196,697</u>	<u>71,145</u>	<u>21,136</u>	<u>104,958</u>	<u>1,386,160</u>
<u>\$(19,781)</u>	<u>\$(38,957)</u>	<u>\$ 11,601</u>	<u>\$ 6,907</u>	<u>\$ 2,586</u>	<u>\$(61,122)</u>	<u>\$ 54,158</u>

SPILSBURY, HAMILTON, LEGENDRE & PACIERA

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Executive Director and Board of Directors
NAMI New Orleans, Inc.
New Orleans, Louisiana

We have audited the financial statements of NAMI New Orleans, Inc. ("NAMI") as of and for the year ended June 30, 2004, and have issued our report thereon dated October 19, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether NAMI's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered NAMI's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Executive Director, Board of Directors, management, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

Spilsbury, Hamilton, Legendre & Paciera

October 19, 2004